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UNCLAS SECTION 01 OF 04 HARARE 000192

AF/S FOR B. WALCH
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN
COMMERCE FOR ROBERT TELCHIN

SIPDIS

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SUBJECT: ZIM NOTES 03-06-2009

[1](#)1. SUMMARY

Topics of the week:

- Pressure Rises on Gono...
- Tsvangirai Urges West to Move Towards Lifting of Sanctions...
- Cabinet Reveals Loyalties and Priorities...
- Permanent Secretaries to Go?
- NGO Report Exposes Diamond Industry and Abuses...
- PM Tsvangirai Skips Party and Mugabe Reaffirms Land Reform...
- Mukoko Out, Bennett Still In...
- Cholera Update...
- USAID adds US\$2.2m to Health Interventions...
- ZIMSEC Begins Marking 2008 Exams...
- UZ Fees Reduced...
- Civil Servants Get U.S. Dollar Allowances...
- Food Security Update...
- Food Security Update Continued...
- Tobacco Production Dropping...
- Cost of Food Continues to Fall...
- Prices Tumble on Stock Exchange...
- Zimbabwe Dollar Steady on the Parallel Market...

On the Political/Social Front

[1](#)2. Pressure Rises on Gono... Finance Minister Tendai Biti escalated pressure on Reserve Bank of Zimbabwe Governor Gideon Gono by demanding his ouster in a Cabinet meeting this week. Biti argued that important donor nations such as the U.S. and the UK would not fund a recovery while Gono remained at the helm of the Reserve Bank. Mugabe, however, shows no inclination to fire his loyal banker who has been the lynchpin to ZANU-PF currency manipulation and corruption schemes, and knows where the ZANU-PF skeletons are buried... See Harare 184.

[1](#)3. Tsvangirai Urges West to Move Towards Lifting of Sanctions... PM

Tsvangirai made his inaugural address to Parliament on March 4 where he urged the international community to observe Zimbabwe's efforts and progress and move towards a lifting of sanctions. (The Herald on its front page trumpeted Tsvangirai as calling for the West to lift sanctions.) He also called for national healing, media freedom and an end to political violence. On the same day, President Obama renewed the U.S.'s targeted financial sanctions against Zimbabwe for at least one additional year. The full text of Tsvangirai's speech is available on his newly-launched website, <http://www.zimbabweprimeminister.org/>

14. Cabinet Reveals Loyalties and Priorities... The MDC and ZANU-PF picks for cabinet seats reflect both Mugabe's and Tsangirai's priorities and strategies. See Harare 180.

15. Permanent Secretaries to Go? On February 24, President Mugabe unilaterally appointed permanent secretaries - the leading bureaucrats in each ministry that can make or break a minister's ability to make things happen. PM Tsvangirai and Deputy PM Arthur Mutambara protested the action, averring that the Interparty Political Agreement and Amendment 19 required consultation and agreement. Mugabe responded that he had the power to make the appointments. Nevertheless, after a meeting with Tsvangirai and Mutambara, all permanent secretaries were asked to submit their CVs to Tsvangirai on the 27th in what may be a retreat by Mugabe.

16. NGO Report Exposes Diamond Industry and Abuses... NGO Q6. NGO Report Exposes Diamond Industry and Abuses... NGO Partnership Africa Canada released a report on March 4 on human rights abuses surrounding Zimbabwe's diamond fields. The report

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calls on the Kimberley Process to suspend Zimbabwe until it can ensure Zimbabwe's diamonds are all mined and processed under a controlled system. For the full report, see: http://www.pacweb.org/e/images/stories/documents/18_zimbabwe-diamonds_march09-eng.pdf

17. PM Tsvangirai Skips Party and Mugabe Reaffirms Land Reform... After Prime Minister Morgan Tsvangirai failed to attend President Mugabe's 85th birthday party on February 28, the government mouthpiece The Herald took the unusual step of running a front page clarification that Tsvangirai didn't attend "upon realizing it is a party program. It is not a snub." Mugabe used the occasion to reaffirm his commitment to land redistribution and to call on the remaining white farmers to leave. On Tuesday the High Court ruled that the SADC tribunal's decision that over 70 white farmers could keep their seized property was illegal. On Thursday evening, the president of the Senate, Edna Madzongwe and a group of 20 supporters went to one of the farms, brandishing a copy of The Herald's report on the decision. Madzongwe demanded that work at the farm cease immediately.

18. Mukoko Out, Bennett Still In... Deputy Agriculture Minister-designate Roy Bennett is still in a Mutare prison, due to a decision by Supreme Court Judge Paddington Garwe to allow the State to appeal a previous High Court ruling granting bail. The MDC accused Justice Minister Patrick Chinamasa and Attorney General Johannes Tomana of unlawfully blocking Bennett's release. Separately, of the 32 people abducted at the end of 2008, 16 are now out on bail, 6 remain in custody pending hearings on Friday March 6, 1 escaped, and 9 are still missing. Importantly, human rights defender Jestina Mukoko was granted bail on Monday March 2. Nine of those on bail had to pay a whopping (by Zimbabwe standards) US\$600 for their release. See Harare 182.

19. Cholera Update... With deaths exceeding 4,000 out of about 88,000 cases, cholera still ravages Zimbabwe. The UN World Health Organization reports an overall case fatality rate (CFR) of 4.5 percent, and its revised "worst-case scenario" shows the epidemic peaking between 81,000 and 115,000 cases. Since CFR peaked at 5.7 percent on January 21, WHO has reported a continuing decline at treatment centers, likely due to improved case management and programs emphasizing early treatment.

¶10. USAID adds US\$2.2m to Health Interventions... In addition to its HIV/AIDS assistance, USAID this week released an additional US\$2.2 million for health programs in Zimbabwe. UNICEF received US\$300,000 for its measles vaccination campaign and John Snow International received US\$1.7 million to expand the capacity of the national medical supply logistics system, ensuring that drugs and commodities are properly coordinated, managed, and distributed. Two hundred thousand will be spent on anti-malarial spraying. These programs will help shore up the rapidly deteriorating health infrastructure.

¶11. ZIMSEC Begins Marking 2008 Exams... The Zimbabwe Secondary Examination Council (ZIMSEC) began grading 2008 national exams this week after the Ministry of Education appealed to the RBZ for over US\$4 million to pay for transportation, lodging, food, and stipends for test graders. June 2008 results that were supposed to be available last August were released on Tuesday, and November 2008 exam results, which were supposed to be available by January, will be ready by the start of April. Students cannot proceed to the next level of schooling without passing national examinations.

¶12. UZ Fees Reduced... After the University of Zimbabwe Vice Chancellor announced that second semester fees would range from US\$1,000-1,800, Minister of Higher Education Mudenge went into a rage and cut them to US\$200-600. He further claimed that no student would be turned away for inability to pay, but instead would be

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encouraged to join a "cadetship" program, bonding the student to the GOZ in exchange for fees. The Zimbabwe National Student Union (ZINASU) continues to condemn any forex fees, asserting that an education should be free for those who cannot afford it.

On the Economic and Business Front

¶13. Civil Servants Get U.S. Dollar Allowances... The GOZ began paying government employees a US\$100 monthly allowance in February in the form of vouchers to top up their (worthless) Zim dollar salaries. Putting the brakes on abuse of the voucher printing press, controlled by RBZ Governor Gono, Finance Minister Biti announced that starting this month the GOZ would pay allowances directly into employees' bank accounts. Not all civil servants got their vouchers and some banks could not pay out the full value for lack of foreign exchange. See Harare 183.

¶14. Food Security Update... USAID's Famine Early Warning Systems Network reported greater food availability in February 2009 than in January 2009 due to increased imports by commercial operators and humanitarian agencies. These groups plan to assist close to 7 million people this month, up from around 5 million in December 2008. Zimbabwe's population may have decreased from 11.6 million at the time of the 2002 census figure, to only 8 or 9 million currently. For the full report, see: http://www.fews.net/docs/Publications/Zimbabwe_2009_02%20final.pdf.

¶15. Food Security Update Continued... A January 2009 Zimbabwe Vulnerability Assessment Committee urban assessment showed that 33 percent of urban households were food insecure compared to 24 percent in November 2006. Surprisingly, the proportion of urban household reporting income from remittances fell from 28 to 19 percent. In spite of all difficulties, 64 percent of urban households (30 percent of food insecure ones) support other households financially or with food. For the full report, see: <http://ochaonline.un.org/OchaLinkClick.aspx?link=ocha&docId=1106327>.

¶16. Tobacco Production Dropping... Zimbabwe's publicly-listed tobacco company TSL forecast 2008/09 production at between 35-40 million kg, although a report in The Herald (03/05/09) stated that output will decline by 50 percent on last year's figure of 45 million kg. The crop was adversely affected by input shortages and

sub-economic prices in 2008.

¶17. Cost of Food Continues to Fall... The EU Delegation estimated that the cost of its 18-item low-income food basket for a family of six fell by 3 percent on the week from US\$220 to US\$213. On a related note, mobile network provider Econet is running a promotion that effectively reduces rates by 20 percent to increase usage.

¶18. Prices Tumble on Stock Exchange... Trading on the Zimbabwe Stock Exchange remains volatile as the market continues to look for the true value of shares in foreign currency terms. Although volumes have risen since the Exchange re-opened, the market capitalization of most counters has declined significantly. The proposed introduction of two more levies by the Securities Commission will raise transaction costs and discourage foreign investment.

¶19. Zimbabwe Dollar Steady on the Parallel Market... The Zimbabwe dollar has held steady at Z\$6 trillion (Z\$6 revalued) against the U.S. dollar since the introduction of foreign exchange licensed shops in October 2008, confirming the currency's demise as a medium of transaction. Oddly, only the old Z\$50 billion note remains in use, but solely by commuter bus operators who had been holding onto

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the notes when demand for the local currency collapsed.

Quote of the Week

¶20. "I am still in control and hold executive authority, so nothing much has changed." -- President Robert Mugabe, addressing a crowd of 2,000 at his 85th birthday party in Chinhoyi on February 28.

¶21. "Brutal suppression, wanton arrests and political persecution impede our ability to rebuild our economy... I therefore urge the international community to recognize our efforts and to note progress in this regard, and to match our progress by moving toward the removal of restrictive measures." -- Prime Minister Morgan Tsvangirai, addressing Parliament on March 4.

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